

TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1067.
FILED, APRIL 16th, 1964.

CENTRAL PORCUPINE MINES LIMITED

Full corporate name of Company

Companies Act (Ontario) December 26, 1933 - Letters Patent.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

Reference is made to previous Filing Statement No. 726.

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	<p>This Statement is filed to reflect the following:</p> <p>(a) Reorganization of the capital structure of the Company (on the basis of one new share for each 4 old shares) and change of name.</p> <p>(b) Underwriting on 300,000 new or reorganized shares and collateral options (See Paragraph 6).</p> <p>(c) Acquisition of 20 unpatented mining claims in the Timmins area of Ontario (see Paragraph 11).</p> <p>The Company will call a General Meeting of its shareholders at which meeting the shareholders will be asked to consider, and if deemed appropriate, confirm a special resolution covering the reorganization of the Company's capital by cancelling pro rata 3,258,840 of the 4,345,120 shares now issued, and subsequently increasing the capital of the Company so that same will consist of \$5,000,000 divided into 5,000,000 shares of the par value of \$1. each, of which 1,086,280 shares will be issued and outstanding immediately after the issue of Supplementary Letters Patent effecting such reorganization. The number of such shares issued and outstanding will be increased by a further 250,000 shares following the issuance of said shares pursuant to the provisions of paragraph 11. The shareholders will also be asked to approve the change of the Company's name from Central Porcupine Mines Limited to UNITED PORCUPINE MINES LIMITED or such other name acceptable to the Deputy Provincial Secretary of Ontario.</p>	
2. Head office address and any other office address.	Suite 1404, 302 Bay Street, Toronto, Ontario	
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	President and Managing Director	Alan Fidler, 93 Munroe Blvd., Willowdale, Ontario; Executive.
	Vice-President and Director	Gilbert Breslin, 40 Danville Drive, Willowdale, Ontario. Salesman. Formerly sole proprietor of Breslin Machinery Co.
	Secretary-Treasurer and Director	John Alexander Murphy, 10 Zambri Walk, Scarborough, Ontario. Corporate Secretary.
	Director	George E. Buchanan, 15 Macdonell Avenue, Toronto, Ontario. Mining Executive.
	Director	Marlene Lister, 60 Esther Lorrie Drive, Rexdale, Ontario. Secretary.
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized 5,000,000 shares, par value \$1.00 each; issued 4,345,120 shares.	
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	None	
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	<p>Within three days after the capital reorganization and the change of name of the Company have been effected (See Schedule "A" hereto) and the consolidated or new shares of the Company have been accepted for trading on the Toronto Stock Exchange, E. H. Pooler & Co. Ltd., 302 Bay Street, Toronto, Ontario, on behalf of a client, will purchase 300,000 new shares of the Company at 25¢ per share, and in consideration of such purchase, will be granted the option to purchase an additional 800,000 new shares of the Company, as follows:</p> <p>100,000 shares at 25¢ per share within 3 months of the date of such acceptance for trading as aforesaid;</p> <p>200,000 shares at 30¢ per share within 6 months of said date;</p> <p>200,000 shares at 35¢ per share within 9 months of said date; and</p> <p>200,000 shares at 40¢ per share within 12 months of said date.</p>	
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	<p>In entering into the agreement referred to in Item 6 above, E. H. Pooler & Co. Ltd. were acting solely on behalf of their client, Parc Trading Limited, Suite 1404, 302 Bay Street, Toronto, Ontario. The only person having a greater than 5% interest in Parc Trading Limited is Alan Fidler, the President and Managing Director of the Company. No assignments are proposed or presently contemplated.</p>	
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None	
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	<p>The Company will carry out the recommendations contained in the report of Wm. J. Elliott on the 20 unpatented mining claims proposed to be acquired in the Timmins area of Ontario. It is expected that this programme will not be underway until after spring break-up.</p> <p>The proceeds from the underwriting and option agreement will be applied in payment of \$7,500 being the cash portion of the consideration payable for mining claims, approximately \$13,000 to pay outstanding liabilities, approximately \$3,500 to cover the cost of line cutting and an electromagnetic survey on the Timmins claims with additional expenditures thereon dependent on results of said survey, and for general administrative purposes. Any remaining funds will not be used for any other purpose than stated herein until notice is given to and filed with the Exchange.</p>	

FINANCIAL STATEMENTS

CENTRAL PORCUPINE MINES LIMITED

BALANCE SHEET

AS AT MARCH 31, 1964

ASSETS

Current Assets

Cash	\$	564.43	
Loan Receivable		<u>4,000.00</u>	\$ 4,564.43

Investments (per schedule)

246,448.91

Fixed Assets

Mining Claims, at written-down value		1.00	
Underground equipment, at written-down value		1.00	
Office Furniture and Library, at cost	\$755.30		
Less - accumulated depreciation	(445.93)	<u>309.37</u>	311.37

Other Assets

Inventory of Shaft Timber, at written-down value		1.00	
Organization Expenses		<u>5,079.80</u>	<u>5,080.80</u>
			<u>\$256,405.51</u>

LIABILITIES AND CAPITAL

Current Liabilities

Accounts Payable	\$	13,771.36	
Amount owing to Brokers		<u>21,243.89</u>	\$ 35,015.25

Capital and Deficit

Capital Stock

Authorized 5,000,000 shares, par value \$1.00 ea.

Issued and Fully Paid

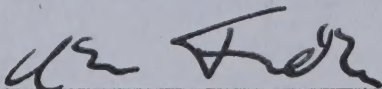
4,345,120 shares	\$4,345,120.00	
Less Discount Thereon	<u>1,985,000.00</u>	\$2,360,120.00

Deficit, Per Statement

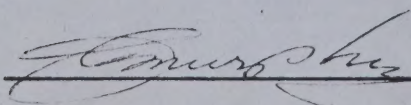
(2,138,729.74) 221,390.26

\$256,405.51

APPROVED ON BEHALF OF THE BOARD



Director



Director

CENTRAL PORCUPINE MINES LIMITED

SCHEDULE TO BALANCE SHEET

MARCH 31, 1964

Schedule of Exploration and Administration Expenses

Exploration Expenditures

Government Fees and Taxes 65.91

Administration Expenditures

Office Rent, Telephone, Accounting and Secretarial	\$3,577.43	
Interest and Bank Charges	1,237.94	
Government Fees	80.00	
General Expenses	33.86	
Legal and Audit Fees	648.40	
Transfer Agents Fees	1,517.78	
Shareholders Information	257.13	
Depreciation - Furniture & Library	<u>77.34</u>	<u>7,429.88</u>

Total Written Off to Deficit \$ 7,495.79

Schedule of Deficit Account

Balance forward December 31, 1962 2,127,405.78

Addition During Period

Exploration & Administration Expenditures	7,495.79
Loss on Sale of Investments	<u>3,828.17</u>

\$ 2,138,729.74

Schedule of Investments

<u>Name</u>	<u>Number of Shares</u>	<u>Quoted Market Value Mar. 31, 1964</u>	<u>Cost or Book Value</u>
* Barima Minerals Limited	1,450,219	\$ 72,510.95	\$ 90,817.23
* Genuine Autotronics of Canada Ltd.	34,140 6/25	131,439.92	154,029.68
New Taku Mines Ltd	63	8.51	1.00
New Noland Mines Ltd	34,880	Nil	1.00
Northern Alluvials Development Ltd	1,600	Nil	1,200.00
* Alluvials Exploration Syndicate	4 Units	<u>Nil</u>	<u>400.00</u>
		\$ <u>203,959.38</u>	\$ <u>246,448.91</u>

*To be exchanged for shares of
Northern Alluvials Development Ltd.

** Messrs. Breslin, Murphy, Buchanan and Marlene Lister directors of the Company, are also directors of Barima Minerals Limited. Alan Fidler, the President and Managing Director of the Company is also the General Manager of Barima Minerals Limited.

CENTRAL PORCUPINE MINES LIMITED

STATEMENT OF SOURCE AND USE OF FUNDS

SINCE THE DATE OF THE LAST PUBLISHED BALANCE SHEET

(December 31, 1962)

	<u>Current Assets</u> <u>Dec. 31, 1962</u>	<u>Current Assets</u> <u>Mar. 31, 1964</u>	<u>Increase or</u> <u>Decrease</u>
Current Assets	\$12,925.07	\$ 4,564.43	\$ 8,360.64
Current Liabilities	<u>16,151.38</u>	<u>35,015.25</u>	<u>18,863.87</u>
	<u>\$ 3,226.31</u>	<u>\$30,450.82</u>	<u>(\$27,224.51)</u>

Source of Funds

Sale of Investments	\$13,729.54	
Misc. Income	<u>50.00</u>	\$13,779.54

Use of Funds

Exploration & Administration Expenditures	\$ 7,495.79	
<u>Less</u>		
Depreciation - not a cash outlay	<u>(77.34)</u>	
	\$ 7,418.45	
Addition to Investments	<u>33,585.60</u>	<u>41,004.05</u>
<u>Decrease in Working Capital</u>		<u>(\$27,224.51)</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

AR FDR Director

Tomuro Director

Statement of any Material Changes in the Items on The Balance Sheet Since the date thereof March 31, 1964

This is to certify that there is no material change in the items on the Balance Sheet of Central Porcupine Mines Limited since the date thereof March 31, 1964.

ON BEHALF OF THE BOARD

AR FDR Director

Tomuro Director

ENGINEER'S REPORT

Note - The following are excerpts from a report by W.J. Elliott, M.A.Sc., P.Eng., dated April 14th, 1964, on the mining claims located in Reid Township, Porcupine Mining Division, Province of Ontario. A complete copy of this report is on file at the Toronto Stock Exchange.

REPORT

RICHMOND GRUBSTAKE SYNDICATE (WAHLROTH GROUP)
REID TOWNSHIP, PORCUPINE MINING DIVISION
ONTARIO

SUMMARY

The property of Richmond Grubstake Syndicate (Wahlroth Group), totalling 20 claims, is located in Reid Township, Ontario. About 20 miles northwest of Timmins, the property is in a region noted for the gold deposits of the Porcupine camp, and copper occurrences in the Kamiskotia area - in particular the Kam-Kotia mine. Considerable interest has been centered in this area in recent weeks with reports of a major copper discovery by Texas Gulf Sulphur in Kidd Township. The claim group is entirely covered by overburden, necessitating utilization of geophysical methods of exploration to determine the presence of sulphide mineralization. It is therefore recommended that an electromagnetic survey be conducted on the properties, with subsequent drilling to follow if warranted.

LOCATION AND ACCESS

The claim group is located in Reid Township, Porcupine Mining Division, Province of Ontario, approximately 20 miles northwest of the City of Timmins.

The property is comprised of 20 unpatented claims totalling 800 acres, and although Reid Township has been withdrawn from the status of a surveyed township, for convenience the claims may be described as located in:

	Lot 3	Range VI
	Lot 4	Range VI
East half	Lot 5	Range IV

No numbers have been applied to the claims since, upon application to record the claims, the supply of tags at the office of the Mining Recorder were depleted. Consequently, applications to record have been received by the Mining Recorder of the Porcupine Mining Division but, as of this date, the claims have not been officially recorded. Until such is the case, ownership of the claims is pending.

Access to the claim group may be gained via a winter road following a power transmission line running north through Jamieson and Macdiarmid Township. The distance along this road, which would be passable by jeep in the summer, would be approximately sixteen miles.

CONCLUSIONS AND RECOMMENDATIONS

Since no outcroppings are noted to occur within the claim group, geophysical methods of exploration must be utilized. The favourable rock-types of the Kamiskotia area to the south are similar to those extrapolated in Reid Township, providing the possibility of encountering sulphide occurrences by means of geophysics.

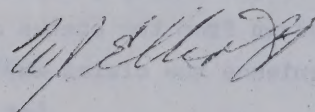
It is therefore recommended that an electromagnetic survey be carried out on the claim group, with subsequent detailed magnetometer work on indicated Conductors. A diamond drilling programme would necessarily be dependent upon these surveys.

The cost of this initial programme is estimated as:

Line Cutting - 25 miles at \$50.00 per mile	\$1,250.00
Electromagnetic Surveying - 25 miles at \$75.00 per mile	\$1,875.00
	<hr/>
	\$3,125.00

Additional expenditures will be dependent upon the results of the initial surveys, and the overall cost of diamond drilling in this area including geological supervision, assaying, etc. is estimated at \$5.00 per foot.

Respectfully submitted,



W. J. Elliott, M.A.Sc., P.Eng.

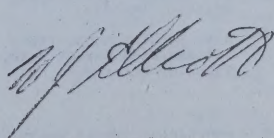
14th April, 1964.

C E R T I F I C A T E

I, WILLIAM JOSEPH ELLIOTT, of the City of Toronto,
in the County of York and Province of Ontario, hereby
certify:

1. That I am a Geological Engineer and reside at 189 Wanless Avenue, Toronto.
2. That I was graduated from the University of Toronto with the degree of B.A.Sc. in 1955 and the degree of M.A.Sc. in 1957, and that I have been practising my profession since that time.
3. That I am a member of the Association of Professional Engineers of the Province of Ontario.
4. That the information in the accompanying report is based upon Government geological reports and my personal knowledge of the area.
5. That I have not, nor do I expect to receive, any direct or indirect interest in the properties or securities of Richmond Grubstake Syndicate. (Wahlroth Group).

DATED this 14th day of April, 1964.

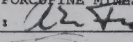
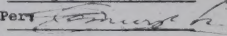

W. J. Elliott, M.A.Sc., P.Eng.

10. Brief statement of company's chief development work during past year.	The Company did not carry out any development work during the past year.		
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	The Company proposes to acquire a group of 20 unpatented mining claims in the Timmins Area of Ontario from Chris Wahlroth Jr., 31 Longbridge Road, Thornhill, Ontario. The consideration payable by the Company for these claims is \$7,500 cash and 250,000 new shares of the Company as reorganized of which 90% will be held in escrow subject to release only upon the written consent of the Toronto Stock Exchange. See the attached report of Wm. J. Elliott dated April 14, 1964, for particulars relating to these mining claims.		
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	The only person who will receive a greater than 5% interest in the above consideration is the said Chris Wahlroth Jr. Mr. Wahlroth has agreed to an option on the 225,000 escrowed shares to Parc Trading Limited, Suite 1404, 302 Bay Street, Toronto, Ontario, for a period of three years at a price of one-third of the market price at the time of exercise and during the period of the option to vote such shares in favour of present management.		
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	250,000 shares are held in escrow subject to release only upon the written consent of the Toronto Stock Exchange.		
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Parc Trading Limited, Suite 1404, 302 Bay Street, Toronto, Ontario, is the owner of the escrowed shares above.		
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	**	Parc Trading Limited Suite 1404 - 302 Bay Street, Toronto, Ontario	727,500 of which 250,000 shares are escrowed,
	*	Doherty Roadhouse & Co. 335 Bay Street, Toronto, Ontario	197,396) 225,396
		Doherty Roadhouse & McQuaig 335 Bay Street, Toronto, Ontario	28,000)
	*	James Richardson & Sons, 173 Portage Ave. East, Winnipeg, Manitoba	161,687
	*	Draper, Dobie & Co. 25 Adelaide Street West, Toronto, Ontario	29,629) 97,129
		Draper Dobie & Co. Ltd., 25 Adelaide Street West, Toronto, Ontario	67,500)
	*	Ross Knowles & Co. Ltd. 105 Adelaide Street West, Toronto, Ontario	74,100
	*	Beneficial owners unknown.	
	**	249,500 of said shares are owned by Mercury-Chipman Company Limited, 302 Bay Street, Toronto, Ontario.	
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	None. However, on a solicitation of proxies to be voted at an annual meeting of shareholders, it might be said that present management would be in a position to materially affect control of the Company.		
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	See Schedule of Investments in the Schedule to the Balance Sheet.		
18. Brief statement of any lawsuits pending or in process against company or its properties.	None		
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None		
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	There are no other material facts. Upon the Underwriting and Option Agreement referred to in item 6 becoming effective shares of the Company will be in the course of primary distribution to the public.		

CERTIFICATE OF THE COMPANY DATED April 14, 1964.

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

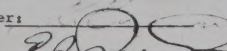
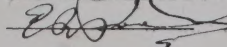
CENTRAL PORCUPINE MINES LIMITED

"A. Fidler" Per:  CORPORATE SEAL
"J.A. Murphy" Per: 

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

E. H. POOLER & CO., LTD.

"J.C. Evans" Per: 
"E.R. Pooler" 

TORONTO STOCK EXCHANGE

AMENDING FILING STATEMENT No. 18.
ACCEPTED FOR FILING, OCTOBER 20th, 1960.

CENTRAL PORCUPINE MINES LIMITED

Full corporate name of Company

AMENDING FILING STATEMENT

(To be filed with respect to any change in a Filing Statement filed within a period of six months)

Previous Filing Statement No. 497 is amended as follows -

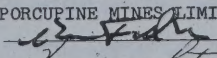
Brief statement of the material change in the affairs of the company in respect of which this amending filing statement is filed.	The Company has purchased from Canadian North Inca Mines Limited, Suite 1404, 302 Bay Street, Toronto (a) \$60,000 indebtedness of Mercury-Chipman Company Limited; and (b) a 10% net working interest in four wells (one producer, one capped as a potential producer, one drilling and one to be drilled) for a consideration of \$50,000 and 250,000 shares (all escrowed) of the Company. See Filing Statement No. 482 of Inca for further information on Mercury-Chipman and the Report of L. G. Phelan, M.A.Sc., P.Eng., Consulting Geologist, dated October 19th, 1960.
2	Suite 1404, 302 Bay Street, Toronto, Ontario.
4	Issued capital 4,345,118 shares (reflecting issuance of 250,000 shares as above).
9	Negotiations are underway for a possible sale of certain mining claims held by the Company. Other groups of mining claims previously investigated by the Company have or will be allowed to lapse pursuant to engineer's recommendations. The Company now proposes to take an active interest in the development of the Mercury-Chipman oil and gas group, and to follow a general policy of acquisition, exploration and development of properties that will materially increase the shareholder's equity in the Company.
11	Canadian North Inca Mines Limited, Suite 1404, 302 Bay Street, Toronto, Ontario - \$50,000.00 and 250,000 shares of the Company (all escrowed) - see above statement.
12	None. For interests in vendor, Canadian North Inca Mines Limited, see Filing Statement No. 482 of Inca.
13	250,000 shares are held in escrow subject to release only with the written consent of the Toronto Stock Exchange.
14	Canadian North Inca Mines Limited, Suite 1404, 302 Bay Street, Toronto, Ontario.
Statement of any other material facts and if none, so state.	None.

DATED October 12th, 1960.

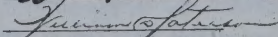
CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"A. Fidler - President"

CENTRAL PORCUPINE MINES LIMITED
By:  SEAL

"W.D. Paterson - Secretary-Treasurer"



CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

GEOLOGIST'S REPORT

REPORT ON

THE MERCURY-CHIPMAN OIL & GAS ACREAGE

PRINCETON AREA, ONTARIO

Mercury-Chipman Ltd. has entered into an agreement with R. McMaster & Sons Ltd. whereby the Company will earn a 50% interest in certain acreage in the Princeton area, by drilling four wells and meeting other obligations. The writer visited the acreage on 18 October, 1960; The following is a resume of available information.

LOCATION & EXTENT OF PROPERTY:

The property consists of leases to oil & gas rights to blocks totalling approximately 7,300 acres in Blenheim, Burford, Oxford and Blandford Townships. All leases are situated within a radius of five miles of the common corner of the above four townships, and are located at and immediately west of the Village of Princeton. The acreage is subject to royalties varying from 12½% to 20%, payable to the various landowners.

Highway #2, and the Toronto-Windsor line of the C.N.R. pass through the acreage under discussion. The Union Gas Company's 10 inch natural gas transmission line parallels Highway #2 and also traverses this acreage.

GENERAL GEOLOGY:

The Palaeozoic sedimentary column is well known and described in various publications. It consists of 3,000 feet of predominantly lime-stones and shales ranging from Silurian to Upper Cambrian in age.

The sediments are relatively undisturbed and have a gentle southerly dip, lying on the southeast flank of the Findlay and Algonquin arches, a pair of regional highs extending from the United States through the Windsor area and northeastward to the general vicinity of Lake Simcoe.

The horizon of particular interest in this area is the Upper Cambrian basal sand which rests on the Precambrian erosion surface, lensing out northward over the Algonquin arch, and thickening southward, down dip,

ECONOMIC GEOLOGY:

Productive horizons of Southwestern Ontario include the Silurian Salina and Guelph formations which are sources of both gas and oil, the Clinton & Medina which produce gas, and the Ordovician Trenton formation, also a source of oil and gas.

In the immediate area under discussion promising discoveries of oil and gas have recently been made in the Basal sands, which lie at a depth of approximately 3,000 feet. Within the past nine months eight wells have been drilled to basement in the vicinity, seven of which encountered gas and/or oil in this horizon and five have been completed as producers.

The field is not yet delimited and logs have not yet been released on most of the wells drilled; however the field appears to be a stratigraphic type with the lensing of the sands updip forming an entrapping structure. It is thought that there is probably a water drive below the oil, because of water found elsewhere in these sands; however no water has been obtained in any of the above eight holes. Locally the sands and the field appear to have a north of west trend, with oil and gas shows found over a four mile length.

The discovery well was drilled in Lot 18, Conc. 2, Blenheim Township, and completed in February, 1960, by Paris Petroleums, who reported an open flow of one million cubic feet of natural gas per day. That company has since completed four more with results reported of 1.2 MMcf, dry, show of gas, and 1.18 MMcf. for wells #2 to 5 respectively. A well drilled by Pondelosa Petroleums 2½ miles west of the discovery well reports a show of oil and further testing is now in progress.

R. McMaster drilled the first well on the Mercury Chipman-McMaster acreage in May of 1960, in Lot 19, Conc. 1, Blenheim Township, as an offset

southwest of Paris Petroleum #1. Six feet of pay sand was encountered at 2,880 foot depth, carrying both gas and oil. Initial natural open flow is reported at 280 Mcf. of gas, and test pumping obtained oil at a rate of 12 barrels per day. The well was sand-fraced and responded with an open flow of 500 Mcf. of gas and a shut in pressure of 590 p.s.i.g. A production test for oil pumped 25 barrels in 12 hours giving the well a nominal rate of 50 barrels per day.

Flow tests taken by the writer over a 1½ hour period gave an open flow of 332 Mcf with some surging, indicating there was oil in the casing preventing a full open flow. Because of the high gas content of the well, the Energy Board will not permit production for oil alone, and the well is shut in pending pipeline construction.

Mercury-McMaster #2 was then drilled offset approximately 1,800 feet southwest of #1. Twenty-two feet of pay sand were penetrated, the thickest pay of any well in the area, and lying 8 feet deeper than #1. The pay sand was oil-filled and only a small show of gas was obtained. An eight hour pumping test produced one barrel of oil per hour, or nominally 24 barrels per day. This well was also sand-fractured, to bring the gas flow to 40 Mcf. and pressure to 575 p.s.i.g. Mechanical difficulties have prevented a continuous test up to this date, but the well has produced over 300 barrels of oil from periodic pumping during the last two weeks of September and a further 700 barrels between 11 and 18 October. At the time of the writer's examination the pump was in operation, and pumping at a rate of approximately 75 barrels per day.

Mercury-McMaster #3 is currently under way, again a step-out to the southwest. On 18 October the well was at a depth of 1,326 feet, and a second drill was being rigged up on the #4 site, in Lot 22.

POTENTIAL & RESERVES:

The productive capacity of an oil well, particularly after stimulation by fracing, can only be determined by producing over an extended period. It has not yet been possible to do this with either of the Mercury-McMaster wells. The #1 well has had only 12 hour test during which it produced 25 barrels; a much longer test is necessary to arrive at the true capacity. The #2 well potential is substantial, having produced over 1,000 barrels from sporadic pumping over a month's time, with 700 barrels produced, in the past 10 days, and would appear to be in the 70-100 barrel range, though the pump is still not functioning properly, and no thorough test has yet been made.

Given core analyses and other pertinent information, calculation of reserves is a simple mathematical equation. However, these data are not available as they seldom are in the cable-tool wells drilled in Southwestern Ontario. The alternative is an estimate based on experience in similar fields. Since this is the first commercial oil discovery in the Basal Sands of Ontario, there is no experience available on which to base an estimate. Consequently any figure quoted is of dubious accuracy.

A gamma-neutron log of the #1 well indicates a net effective oil pay of 38½ feet. Neglecting connate water, dissolved gas, etc. for this rough approximation, and assuming a 30% recovery, the #1 well would have recoverable reserves of approximately 1,000 barrels per acre of reservoir drained. No log has been run on the #2 well, but cuttings from #1 and 2 pays are identical, so applying the same factors to the latter well with a greater pay thickness, reserves of 3,600 barrels per acre drained are indicated. The wells are presently being drilled on a 50 acre spacing. It must be emphasized that these figures are based on very broad assumptions and are quoted only to give some approximation of the potentialities of the wells.

ECONOMIC CONSIDERATIONS:

The Union Gas Company will purchase all gas produced at 35 cents

per thousand, delivered to their transmission line two miles south of Mercury-McMaster #1 well. It is Union's usual custom to purchase at a rate that will deplete the field in approximately ten years time, or, as a rule of thumb, at about 20-25% of the open flow potential. It would seem logical for Mercury Chipman & Paris Petroleum to co-operate in construction of a single pipeline. Cost will be approximately \$10,000. per inch diameter - i.e. about \$20,000. for a 2 inch line.

The oil is readily saleable at Sarnia refineries for \$3.15 per barrel delivered. With delivery charges of 55 cents per barrel the net at the well head is \$2.60 per barrel less royalties and production costs.

There are no production quotas in Ontario other than those laid down by the buyer. Union Gas limits its purchases as described above; to the best of the writer's knowledge Imperial Oil will purchase all locally produced oil delivered to their Sarnia refineries.

Well drilling costs to 3,000 foot depth total \$15-\$18,000. with completion costs for a producer amounting to an additional \$7-\$15,000 depending on completion methods, stimulation and test work done, etc.

CONCLUSIONS:

The Princeton oil and gas field is developing into a field of importance, with five productive wells now completed, and oil and gas indications found over an area measuring one mile by four miles.

Mercury Chipman is earning a 50% interest in 7,300 acres, all near and a large part lying along, the presently-indicated productive trend. This interest includes two wells whose capacity is not yet fully known but is believed to be substantial; and one of which wells has to date produced over 1,000 barrels of oil.

Continued development of the field is considered warranted and a profitable operation is indicated.

Toronto, Ontario.

19 October, 1960.

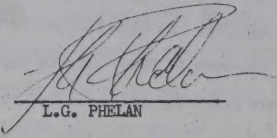
Respectfully submitted,

L.G. PHELAN, M.A. Sc. P. Eng.,
Consulting Geologist.

CERTIFICATE OF QUALIFICATION

I, Leo Gerard Phelan, do hereby certify that:

1. I am a practising consulting geologist with offices at 80 Richmond Street West, Toronto.
2. I am a graduate of the University of Toronto and have been granted the degrees of Bachelor of Applied Science and Master of Applied Science in geology.
3. I am a member of the Association of Professional Engineers of Ontario, a member of the Canadian Institute of Mining and Metallurgy and a fellow of the Geological Association of Canada.
4. I have no interest direct or indirect in the properties or securities of Mercury Chipman Ltd., nor do I expect to receive any such interest whatsoever.
5. Information in this report is based on personal examination, made 18 October, 1960, on company records, published data from the Ontario Energy Board and on my experience in the oil and gas fields of Southwestern Ontario.


L.G. PHELAN

Toronto, Ontario,
19 October, 1960.